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# Rewald Furious as Judge OKs Payment of Lawyers' Fees

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A federal judge yesterday approved payment of about \$70,000 in fees to attorneys and others involved in the bankruptcy proceedings of Ronald Rewald's defunct investment company, a move that drew bitter response from Rewald.

"I am sick and tired of seeing the investors further victimized by the bankruptcy administrator and their attorneys," Rewald said after a morning court hearing. "The only people who are going to come out of this thing (with money) are the attorneys."

Rewald was upset that U.S. Judge Martin Pence approved payment of legal fees to attorneys James Wagner, James Gel-

ber and Robert Smolenski, as well as payment of \$3,517 to bankruptcy trustee Reynaldo Grauity.

Pence approved payment of about \$59,000 in fees to bankruptcy attorneys Gelber and Wagner for work they had done since October. He also approved \$7,159 in fees to Smolenski, who represents Hugh Fraser and a group of other investors who forced Bishop, Baldwin, Rewald, Dillingham & Wong into bankruptcy after Rewald's attempted suicide last July.

"IT IS SHAMEFUL that Mr. Fraser and his slimy attorney Mr. Smolenski could lead unsuspecting investors into knocking over Bishop, Baldwin," said an obviously annoyed Rewald as he left federal court, Rewald, through

his attorney, Robert Smith, is appealing the forced bankruptcy to the 9th U.S. Circuit Court of Appeals in San Francisco.

Rewald contends that when the company was forced into bankruptcy, it owed no money to anyone and had "ample resources to pay everyone."

Rewald, however, would not say what resources he was referring to or why there apparently was little investor money in the company's bank account at Hawaii National Bank. In court documents, Rewald blames the CIA for the loss of investor money and is suing the agency for \$671 million.

Bankruptcy Administrator Thomas Hayes said the millions of dollars investors put into the company were withdrawn by Re-

wald and spent on personal expenses and for company overhead. He said little of the money was legitimately invested.

Rewald claims that now the attorneys are being paid money that should go to repay investors.

"(THE ATTORNEYS) already have gone through a half-million dollars and are no closer to returning money to investors than they were in August," Rewald said. "Smolenski will be employed for many more years defending the people who knocked over Bishop, Baldwin from lawsuits filed by me and other investors."

Since taking over the company in August, Hayes has attempted to trace all the money that came into the company and has been asking clients who received

preferential withdrawals to return the money.

Hayes said that \$180,000, not a half-million, has gone to attorneys or for administrative expenses, which is not unusual in a bankruptcy such as this.

"All expenses incurred subsequent to the filing of a bankruptcy petition are payable first," he said. "Included in that group are attorneys' fees, trustees' fees and administration fees. I don't know of any attorney who will spend a significant amount of time without being paid on an hourly basis."

Hayes countered Rewald's complaints by suggesting that if Rewald were actually worried about the estate's assets being spent, he could turn over his personal

assets for use in administering the bankruptcy.

"IF REWALD would like to minimize attorneys' fees, he can turn over the house, horses and cars," Hayes said. He said the estate has title to those assets but attorneys still are going through the legal work needed to turn them over.

Hayes is continuing to demand that some investors return any money they made in "interest" on their investments, based on the finding that there were no legitimate investments and therefore no legitimate interest.

He also is trying to recover any money that was paid out to investors within 90 days of the bankruptcy, which is allowed under federal bankruptcy laws.